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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/597,056	07/10/2006	Woo Sung Lee	56587.24	5348

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EXAMINER

UBER, NATHAN C

ART UNIT	PAPER NUMBER
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3622

NOTIFICATION DATE	DELIVERY MODE
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11/04/2008

ELECTRONIC

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

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Office Action Summary	Application No. 10/597,056	Applicant(s) LEE, WOO SUNG	
	Examiner NATHAN C. UBER	Art Unit 3622	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 19 September 2008.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 21-25 and 27-35 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 21-25 and 27-35 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)
Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Status of Claims

1. This action is in reply to the request for continued examination filed on 19 September 2008.
2. Claims 21 and 35 have been amended.
3. Claims 1-20 have been canceled by applicant's amendment filed on 23 April 2008. Claim 26 has been cancelled by Applicant's amendment filed as a request for continued examination on 19 September 2008.
4. Claims 21-25 and 27-35 are currently pending and have been examined.

Continued Examination Under 37 CFR 1.114

A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on 9/19/2008 has been entered.

Claim Rejections - 35 USC § 103

5. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made

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to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

6. The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:
 1. Determining the scope and contents of the prior art.
 2. Ascertaining the differences between the prior art and the claims at issue.
 3. Resolving the level of ordinary skill in the pertinent art.
 4. Considering objective evidence present in the application indicating obviousness or nonobviousness.
7. **Examiner's Note:** The Examiner has pointed out particular references contained in the prior art of record within the body of this action for the convenience of the Applicant. Although the specified citations are representative of the teachings in the art and are applied to the specific limitations within the individual claim, other passages and figures may apply. Applicant, in preparing the response, should consider fully the entire reference as potentially teaching all or part of the claimed invention, as well as the context of the passage as taught by the prior art or disclosed by the Examiner.
8. Claims 21-25 and 27-35 are rejected under 35 U.S.C. 103(a) as being unpatentable over Cheung et al. (U.S. 7,043,471) in view of the article *Bidding for Contracts: A Principal-Agent Analysis* by R. Preston McAfee and John McMillan (hereinafter referred to as McAfee).

Claims 21 and 35:

Cheung, as shown, discloses the following limitations:

- *generating a predicted expense associated with a search word for a first advertising period based, at least in part, upon statistical data of prior actual clicks for a predetermined advertising period, the predicted expense being associated with expected clicks and a unit click cost associated with the search word (see at least column 23, lines 22-30),*
- *providing to an advertiser over a network the predicted expense for the first advertising period (see at least column 23, lines 22-26),*
- *maintaining a search information database including a search listing associated with the advertisement, in response to the request for advertising from the advertiser, the search listing being associated with the search word*
- *receiving a search request from a user, the search request including the search word (see at least column 7, lines 54-59 and column 17, lines 46-48),*
- *identifying the search listing associated with the search word in response to the search request from the user, thereby placing the search listing in accordance with a predetermined advertising rule (see at least column 18, lines 47-49 and 55-57),*

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- *assessing actual cost for the advertisement based, at least in part, upon a number of actual clicks on the search listing in accordance with a predetermined rule (see at least column 6, line 48-52),*
- *updating account information of the advertiser based, at least in part, upon the actual cost (see at least column 19, lines 50-53),*

With regard to the following limitation, Cheung does not use the words *free advertising period* because when a reserve fund is empty Cheung contemplates either no longer displaying the advertisement or invoicing the advertiser (see at least column 24, lines 6-8 and 10-14). However, Cheung, as shown, discloses the remaining limitations:

- *if the actual cost exceeds the predicted expense, providing the advertiser with a free advertising period during the remaining time period of the first advertising period without charging beyond the predicted expense, the free advertisements period being a period of time in which advertisings are served but the advertiser's account for the advertisement is depleted (see at least column 4, lines 19-23, see also column 24, lines 6-8 and 10-14, see also at least column 14, lines 55-56, an invoicing plan with no cap; invoicing an advertiser for over-delivered clicks is not necessarily different from providing the clicks for*

free because if the advertiser doesn't pay the bill the Cheung invention will have provided the advertising for free),

Cheung discloses the phenomenon of advertisers contracting payment limits for advertising (clicks) for periods of time and receiving free advertisements if advertisements (clicks) are served to users exceeding those limits (see at least column 4, lines 19-23). Rather than allowing free advertising, Cheung takes the position that free advertisements are a defect in the art (see at least column 4, lines 19-23) and seeks to prevent them from being distributed (see at least column 24, lines 6-11). It would have been obvious to one having ordinary skill in the art at the time the invention was made to disagree with Cheung's position that free advertisements are a defect in the art and to alternatively award free advertisements to advertisers because the Cheung invention has the capability to predict, detect, report and award free clicks and because Cheung presents the option of awarding free advertisements verses not awarding them (see at least column 4, lines 19-23). In other words creating a method to anticipate advertising costs, as in the Cheung invention, with the only difference between the inventions being whether or not to charge an advertiser for traffic in excess of the prediction constitutes only an obvious variation of the Cheung invention, especially in light of Cheung's disclosure. Further it is old and well known in the business arts that when a bidding business miscalculates or misquotes a

project, that the business must absorb any extra expense in favor of retaining the future business of the customer and generating good will. For example, when contractors provide bids or quotes for a project, they estimate their labor cost. If the project ultimately requires more labor hours than the contractor anticipated, the contractor will absorb that cost (i.e. provide free labor). Of course the contractor has the option to bill for the extra time as well, but it is more common in such a situation for the contractor to instead inform the customer that the contractor absorbed the extra hours to create good faith and pave the way for repeat patronage. Therefore, here, it would have been obvious for one having ordinary skill in the art at the time the invention was made to try awarding free clicks rather than bill for them since there are a finite number of identified, predictable potential solutions for handling the extra click situation and one having ordinary skill in the art could have pursued the known potential solutions with a reasonable expectation of success.

With regard to the following limitation, Cheung discloses the advertiser setting the account limit based on whatever considerations the advertiser chooses. The Cheung invention then provides the advertisements and charges the advertiser's account up to that limit and beyond depending on the contract or type of account the advertiser specifies. Cheung does not specifically disclose the following limitation. However, McAfee, as shown discloses the following limitation:

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- *upon receipt of a request for advertising from the advertiser, setting up the predicted expense account limit for the first advertising period (see at least page 326, ¶3 of the Introduction, “[w]ith a fixed price contract, the payment is simply the firm’s bid”, Applicant is essentially claiming a fixed price contract, as opposed to the account-limit method of Cheung which reduces the risk of the provider relative to the advertiser; here the firm is analogous to the advertisement host and the government/payor is analogous to the advertiser),*

It would have been obvious to one having ordinary skill in the art at the time of the invention to modify the Cheung invention to include a fixed-price-contract-style payment plan as discussed in McAfee since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

Claim 22:

Cheung, as shown, discloses the following limitations:

- *generating the statistical data of prior actual clicks for a predetermined previous period (see at least column 24, lines 41-51, “[t]he reports may include... number of clicks”),*

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- *generating a number of expected clicks based, at least in part, upon the statistical data, wherein the number of expected clicks is calculated on a basis of regression (see at least column 23, lines 26-30),*
- *calculating a maximum number of expected clicks during a predetermined period based, at least in part, upon the number of expected clicks (see at least column 23, lines 39-41),*
- *generating the predicted expense based, at least in part, upon the maximum number of expected clicks (see at least column 23, lines 39-41).*

Claims 23 and 25:

Cheung, as shown, discloses the following limitations:

- *setting a number of expected clicks (Y') by the regression, as... (see at least column 23, lines 36-41, ...implementation of a software counting mechanism as is well known in the art...").*

Claim 24:

Cheung, as shown, discloses the following limitations:

- *the number of expected clicks (Y') is set by further considering information on a number of impressions during a particular period or information on a number of season-oriented clicks (see at least column 24, line 44-52, "...number of impressions...").*

Claim 26:

Cheung, as shown, discloses the following limitations:

- *the step of generating a predicted expense further considers at least one predetermined multiplier based on the statistical data*
(see at least column 23, lines 36-41)

Claim 27:

Cheung, as shown, discloses the following limitation:

- *actual clicks* (see at least column 23, line 39)
- *maximum number of expected clicks* (see at least column 23, lines 39-41)

Cheung does not specifically disclose *comparing* a predicted number of clicks for a given period to the actual number of clicks that occurred in that period as claimed in the limitation below. However Examiner takes **Official Notice** that it is old and well known in the art to compare expectations for an advertising campaign over a given period of time to the actual results.

- *comparing the number of actual clicks with the maximum number of expected clicks,*

Therefore it would have been obvious to one of ordinary skill in the art at the time of the invention to include among Cheung's many reporting features (see column 24 generally) a report that compared expected cost/clicks to actual cost/clicks for a given period because the Cheung

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invention already compiles the necessary information and such a comparison would help advertisers “fine-tune [their] projected cost estimates” (column 24, lines 10-11).

Claim 28:

Cheung, as shown, discloses the following limitations:

- *determining a valid click, wherein said step of determining a valid click comprises the steps of (see at least column 26, lines 16-19),*
- *receiving a click on the search listing from the user (see at least column 26, lines 16-17),*
- *obtaining a first identifier associated with the search listing clicked by the user (see at least column 26, lines 26-27),*
- *in case that the first identifier is identical to a second identifier associated with the search listing clicked within a predetermined time period, determining that the click is invalid (see at least column 26, lines 26-29 and 17-19),*
- *counting clicks on the search listing in accordance with the predetermined rule, excluding the clicks determined to be invalid (see at least column 26, lines 21-23, “[t]he filters may be run on different subsets of data at different times...”).*

Claim 29:

Cheung, as shown, discloses the following limitations:

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- *said step of determining a valid click is performed every predetermined time period during the predetermined advertising period (see at least column 26, lines 21-23, "...[t]he filters may be run on different subsets of data at different times...").*

Claim 30:

Cheung, as shown, discloses the following limitations:

- *in case that a request for cancellation of an advertisement is received from the advertiser within the predetermined advertising period, said step of determining a valid click is ceased at the time of the cancellation (see at least column 26, lines 21-23, "...[t]he filters may be run on different subsets of data at different times...").*

Claim 31:

Cheung, as shown, discloses the following limitations:

- *transmitting information on a test amount to an account associated with the advertiser; receiving data related to the bidding process from the advertiser; and determining whether the test amount is identical to the data related to the bidding process from the advertiser (see at least column 27, lines 20-25, retrieve an account balance and evaluate account status).*

Cheung does not disclose transmitting test amounts, but as shown,

Cheung does disclose evaluating the account status to confirm

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transactions. Examiner takes **Official Notice** that it is old and well known in the art to verify account status and that there are many methods for doing so including testing an account. It would have been obvious to one having ordinary skill in the art at the time of the invention to employ alternate methods of verifying customer accounts such as testing an account because different methods produce different results and it may be beneficial to have a record of a testing event rather than rely on a status indicated by a computer.

Claim 32:

Cheung, as shown, discloses the following limitations:

- *generating information on a trend of clicks based on the number of actual clicks within the advertising period (see at least column 24, line 9, "general pattern"),*
- *generating the predicted expense based on the trend of clicks (see at least column 23, lines 47-48).*

Claim 33:

Cheung, as shown, discloses the following limitations:

- *maintaining a present information database for recording information on a present state of the advertisement associated with the advertiser (see at least column 23, lines 22-67 and column 24, "account management menu"... several sections to view information related to the advertiser's campaign...),*

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- *providing the advertiser with the information on the present state of the advertisement* (see at least column 23, lines 22-23, “[t]he ‘account management’ menu also may provide advertisers with...” emphasis added),
- *wherein the information on the present state of the advertisement includes at least one selected from a group consisting of return on investment (ROI), unique visitor (UV), click through rate (CTR), a number of clicks and a number of impression associated with the search listing during the advertising period* (see at least column 24, lines 48-49, “number of clicks... number of impressions”).

Claim 34:

Cheung, as shown, discloses the following limitations:

- *the unit click cost is set by satisfying the steps of receiving at least one bid price associated with at least one arranged location of the search listing from at least one advertiser* (see at least column 6, lines 66-67 through column 7, lines 1-2),
- *accepting one bid price satisfying a predetermined condition among the at least one bid price for each of the at least one arranged location of the search listing* (see at least column 7, line 43),

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- *setting the accepted bid price to be a unit click cost (see at least column 7, line 43).*

Response to Arguments

9. Applicant's arguments with respect to claims 21 and 35 have been considered but are moot in view of the new grounds of rejection.

Conclusion

10. Any inquiry of a general nature or relating to the status of this application or concerning this communication or earlier communications from the Examiner should be directed to **Nathan C Uber** whose telephone number is **571.270.3923**. The Examiner can normally be reached on Monday-Friday, 9:30am-5:00pm. If attempts to reach the examiner by telephone are unsuccessful, the Examiner's supervisor, **Eric Stamber** can be reached at **571.272.6724**.
11. Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://portal.uspto.gov/external/portal/pair> <<http://pair-direct.uspto.gov>>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at **866.217.9197** (toll-free).
12. Any response to this action should be mailed to:

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13. Hand delivered responses should be brought to the **United States Patent and**

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/Nathan C Uber/Examiner, Art Unit 3622

27 October 2008

/Arthur Duran/

Primary Examiner, Art Unit 3622